



OFFICE OF THE INSPECTOR GENERAL

Audit of Ethics Management at FAO (AUD1323)

EXECUTIVE SUMMARY

The Office of the Inspector General (OIG) conducted an audit of ethics management between October 2022 and February 2023. The audit covered the functions assigned to the Ethics Office and included a review of other organizational units' responsibilities to support ethics management at FAO.

Main observations and conclusions

OIG assessed that the governance arrangements, procedures established and controls applied to ethics management in FAO **Need Some Improvement** (see annex for the definition of audit ratings) to enhance the effectiveness and efficiency of the function; increase the confidence of staff in the ethics system; and improve ethical behaviour.

With the support of Senior Management, much has been accomplished since 2020 to improve ethics management at FAO. The separation of the Ethics and Ombuds offices enabled the two functions to provide better services to the Organization. Perhaps more importantly, it signalled Senior Management's serious intent to improve ethical culture at FAO. From a survey conducted by OIG as part of this audit, 64 percent of respondents rated FAO's ethical culture as strong or very strong.

The Ethics Office has established a solid framework of policies and good relationships with other actors in the ethics and integrity space to provide cohesive support for personnel.

However, further efforts are required to ensure that management of conflicts of interest is well grounded in a consistent policy and procedures across FAO, particularly related to human resources, procurement and private sector partnerships. This is important as many personnel in FAO appear to lack an understanding of how conflicts of interest impact their work.

Changing ethical behaviours and fostering a "speak-up" culture across FAO are not easy endeavours. With close to 80 percent of FAO personnel on short-term contracts, failure to speak up due to job security concerns is the single biggest risk to overcome. Underlying root causes for this issue include supervisors' limited knowledge of how to encourage staff to express their views openly and how to protect them once an issue has been raised; lack of a mechanism to address performance assessment disputes for affiliate personnel; and affiliate personnel's lack of full access to FAO's internal justice system.

Agreed actions

This report contains six actions that the Ethics Office, in liaison with and/or with support from the Human Resources Division (CSH) and other stakeholders as necessary, has agreed to implement by December 2024. The priority actions are to:





- (i) improve processes that support management of conflicts of interest across FAO; and
- (ii) address the root causes of issues with ethics processes that prevent or discourage employees, and affiliate personnel in particular, from speaking up.

Mika Tapio
Inspector General

12 September 2023

ANNEX: DEFINITION OF AUDIT TERMS

AUDIT RATINGS

Rating System		An audit rating system (defined below) has been used to rank the adequacy of internal controls ¹ in each area.
Satisfactory		The assessed controls, governance arrangements, and management of opportunities and risks, are adequate and effective to provide reasonable assurance that objectives are met.
Some Improvement Needed		A few specific weaknesses in the assessed controls, governance arrangements, and management of opportunities and risks were noted; generally however, they are adequate and effective to provide reasonable assurance that objectives are met.
Major Improvement Needed		Numerous specific weaknesses in the assessed controls, governance arrangements, and management of opportunities and risks were noted; they are unlikely to provide reasonable assurance that objectives are met.
Unsatisfactory		The assessed controls, governance arrangements, and management of opportunities and risks, are not adequate or effective to provide reasonable assurance that objectives are met.

¹ FAO's accountability policy, in an extension of the COSO internal control objectives, establishes five critical areas of performance relevant for assessing the adequacy of controls – effectiveness, economy and efficiency, compliance, reporting and protection.